

HOUSE BILL REPORT

E2SHB 2418

As Passed Legislature

Title: An act relating to affordable housing.

Brief Description: Increasing the availability of affordable housing.

Sponsors: By House Committee on Capital Budget (originally sponsored by Representatives Springer, Miloscia, Chase, Morrell, Hasegawa, Darneille, Santos, P. Sullivan, Kagi, Green, Sells, Ormsby and O'Brien).

Brief History:

Committee Activity:

Housing: 1/11/06, 1/19/06 [DPS];

Capital Budget: 2/2/06, 2/7/06 [DP2S(w/o sub HOUS)].

Floor Activity:

Passed House: 2/11/06, 72-24.

Senate Amended.

Passed Senate: 3/3/06, 48-1.

House Concurred.

Passed House: 3/6/06, 74-24.

Passed Legislature.

Brief Summary of Engrossed Second Substitute Bill

- Authorizes the Legislature to transfer up to \$25 million for the Fiscal Year 2006 to the Washington Housing Trust Fund from the General Fund.
- Exempts the funding distribution process for four programs from the Housing Trust Fund competitive application and distribution process.
- Creates the Interagency Council on Homelessness.
- Directs the Department of Community, Trade and Economic Development (DCTED) to implement the Washington Homeless Client Management Information System to collect information about homelessness and homeless persons.
- Requires DCTED to study the effectiveness of a potential voluntary low-income housing waiting list database.

- Requires DCTED to implement a statewide Affordable Housing Database.
- Provides a process for the dissolution of joint housing authorities.
- Includes a null and void clause.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Miloscia, Chair; Springer, Vice Chair; Holmquist, Ranking Minority Member; McCune, Ormsby, Pettigrew, Schindler and Sells.

Minority Report: Without recommendation. Signed by 1 member: Representative Dunn, Assistant Ranking Minority Member.

Staff: Robyn Dupuis (786-7166).

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Housing. Signed by 21 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Blake, Chase, Clements, Eickmeyer, Ericks, Ericksen, Flannigan, Green, Hasegawa, Lantz, McCune, Moeller, Morrell, Newhouse, O'Brien, Schual-Berke, Serben, Springer and Upthegrove.

Minority Report: Do not pass. Signed by 7 members: Representatives Jarrett, Ranking Minority Member; Hankins, Assistant Ranking Minority Member; Cox, Kretz, Kristiansen, Roach and Strow.

Staff: Nona Snell (786-7153).

Background:

The State of Washington distributes funding for housing programs through the Department of Community and Economic Development's (DCTED) Housing Trust Fund. Housing projects must serve low-income and special needs populations. Grants and loans are awarded on a competitive basis.

Total Housing Trust Fund Budget

The 2005-2007 budget includes a total appropriation of \$100 million for the Housing Trust Fund. Of this amount, \$33 million is designated for specific set asides.

According to the DCTED, housing projects representing requests for over \$45 million in Housing Trust Fund assistance are currently deemed eligible and await the availability of

funding. These projects represent the potential development of approximately 2,300 units of affordable housing.

Summary of Engrossed Second Substitute Bill:

The Legislature may authorize a transfer of up to \$25 million from the General Fund into the Washington Housing Trust Fund for the fiscal year ending June 30, 2006.

Any appropriated funding will be included in the calculation of annual funds available to the DCTED for determining administrative costs.

Funds will be distributed using the DCTED's current competitive process for the Housing Trust Fund except for the following:

- (a) any funds applied to the Homeless Family Services Fund;
- (b) any funds appropriated to weatherization administered through the Energy Matchmakers Program;
- (c) any funds appropriated for a housing voucher program; and
- (d) any funds for grower-provided on-farm housing.

The DCTED must report annually by December 31, 2007 to the House Housing Committee and the Senate Financial Institutions, Housing and Consumer Protection Committee on how funds were utilized on a county or city specific basis.

Interagency Council on Homelessness

The Interagency Council on Homelessness (IACH) is created which will be made up of policy level representatives from five state agencies. The IACH will work to create greater levels of interagency coordination, identify policies that may contribute to homelessness, and recommend policies to improve practices or align resources related to homelessness.

Washington Homeless Client Management System

The DCTED is required to implement the Washington Homeless Client Management System by December 31, 2009. The system will include information from the Washington homeless census, from state agencies, and from organizations providing services to the homeless population. Information will be collected in a manner consistent with federal informed consent guidelines regarding human research. The information system is to serve as an on-line information and referral system.

Local governments must develop a capacity for continuous case management to assist homeless persons.

Low-Income Housing Waiting-List Study

The DCTED is directed to conduct a study by December 31, 2007 to evaluate the potential development of a low-income housing waiting list database.

Affordable Housing Database

The DCTED is required to create or purchase and implement a database which includes information on all publically-supported affordable rental units in the state by December 31, 2009.

Housing Stakeholder Feedback

Entities receiving state housing funds, or financing through the Housing Finance Commission, are asked to provide feedback to the Legislature regarding planning and reporting requirements, as well as other housing-related legislative recommendations.

Joint Housing Authority Dissolution

Joint Housing Authorities may be dissolved pursuant to substantially identical resolutions or ordinances of the legislative authority of each of the counties or cities that previously authorized that joint housing authority. Assets, obligations, and liabilities shall be distributed consistent with specific considerations outlined in statute.

Null and Void

Implementation of the activities of the Act is contingent upon specific funding for the specific activities of the Act from the General Fund.

Appropriation: \$25 million.

Fiscal Note: Requested on February 7, 2006.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void if not funded in the budget.

Testimony For:

Testimony For: (Capital Budget) The state has additional revenue in the amount of \$1.5 billion that is mostly from the real estate excise tax (REET) on real estate sales and construction. However, there are victims of the strong housing market because housing prices have risen beyond the purchasing capacity of many people's incomes. The additional revenue generated from REET should be used to help people who cannot afford housing. This is one time funding distributed over four years. There is no commitment to continue the programs past the expiration date of the bill.

Housing is needed for people with mental illnesses.

The original \$2 million appropriation for the Homeless Families Services Fund was successful, but the original request was for \$15 million. The program works with private matching funds. Reallocate the appropriations in the bill to increase the Homeless Families Services Fund appropriation.

The Washington Coalition Against Domestic Violence has 45 shelters across the state, but there are currently projects in the Housing Trust Fund pipeline that are waiting for funding. If projects receive Housing Trust Fund dollars, more funds will be available for services and advocacy.

Home ownership education and counseling is successful and protects against predatory lending that is often targeted toward low-income people and first time home buyers. Counseling ensures sound investments.

The Washington Apartment Association supports the inclusion of vouchers for farm workers because vouchers save time, are cost effective (going to individuals instead of construction), and deconcentrate by allowing farm workers to live in the community.

(With concerns) Washington Realtors Association members are sensitive to the REET references included in the bill but support the purpose and funding from the General Fund.

Projects that have obtained part of the funding necessary for a housing project, but need Housing Trust Fund dollars, may lose opportunities if they are backlogged and must wait for funding.

It is important to fund the backlog of Housing Trust Fund projects because the housing boom has passed by rural communities where local resources to build projects are scarce, but there is population growth.

Four million dollars for vouchers is not cost effective because there is not enough housing inventory for farm workers, and vouchers are gone after they are used but housing stock remains.

Testimony Against:

Testimony Against: (Capital Budget) None.

Persons Testifying: (Housing) (In support) Chuck Eberdt, The Energy Project; John Davies, The Opportunity Council; Carol Selland, Pierce County Community Services; Lonnie Johns-Brown and Dee Dee Garman, Advocates for the Rights of Citizens with Developmental Disabilities of Washington; Darryl Reber, Inland Empire Residential Resources; Donald Chamberlain, AIDS Housing Washington; MaryAnne Dillon, Young Women's Christian Association of Seattle, King and Snohomish County, and Washington State Coalition for the Homeless; Tammy Smith, Resident of Falls Point Apartments; Mike Lowry, Washington Agricultural Families Assistance; Paul Purcell, Beacon Development Group; Walter Zisette, Mercy Housing; Chris Venne, Community Framework; Linda Hall, Saint Andrew's Housing Group; Mark Flynn, Impact Capital; Ishbel Dickens, Columbia Legal Services; Marie Gyulafia and Dwaine Rawley; Eagle Point Home Owners Association; Daniel Thompson, Mobile Home Preservation; Grace Huang, Washington State Coalition Against Domestic Violence; Linda Rasmussen, Young Womens Christian Association of Seattle, King, and Snohomish Counties; Patti McGill, Turning Point; Tom Byers, Washington State Farmworker Housing Trust; Brien Thane, Office of Rural and Farmworker Housing; Mario Villanueva, Diocese of Yakima Housing Services; Mike Gempler, Growers League; and Ben Gitenstein, Washington Low Income Housing Alliance.

(Neutral) Stephen Buxbaum, Department of Community, Trade, and Economic Development, Housing.

(With concerns) Dan Fazio, Farm Bureau; and Bob Mitchell, Washington Realtors.

Persons Testifying: (Capital Budget) (In support of the bill) Representative Springer, Prime Sponsor; Seth Dawson, Washington State Community Housing; Katy Miller, AIDS Housing

of Washington; Diane Christie, SHARE; Grace Huang, Washington State Coalition Against Domestic Violence; Caroline James, International District Housing Alliance; Stella Chao, International District Housing Alliance; Elaine Magil, International District Housing Alliance; Harry Montgomery, Tacoma/Pierce County Coalition for the Homeless; Terry Kohl, Washington Apartment Association; Bob Mitchell, Washington Realtors Association; Nick Federici, Washington Low Income Housing Alliance; Lynn Davison, Common Ground; Brien Thane, Office of Rural and Farmworker Association; Danette Allen; and Charlie Chang and Mai See Lee, Hmong Farmers.

Persons Signed In To Testify But Not Testifying: (Housing) None.

Persons Signed In To Testify But Not Testifying: (Capital Budget) None.